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## OUR REVIVING BUSINESS.

BY THE HON. JAMES H. ECKELS, COMPTROLLER OF THE  
CURRENCY.

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A DISTINGUISHED English statistician, in a paper recently given to the public, has called attention to the unprecedented wealth of the people of the United States and the products at their command. No clearer demonstration could be had of the accuracy of his estimate of our country's condition than is now being witnessed in every part of the land. All the many evidences of the new prosperity to be everywhere seen bear proof of the recuperative powers of our people and the abundance of their resources. After more than two years of continuous financial depression and business stagnation, the summer months of the present year have been notable for the volume of trade which, as compared with similar seasons in other years, has characterized them. This unusual activity has not been confined to a single line of business or to but one class of manufactures. It has been manifest in all, and almost uniform in degree. The iron and steel industries, which appear to outstrip all others, are enabled to do so only because prosperity is coming to all. The railroad conditions of the country are improving, not alone because of the enormous crop of corn and other agricultural produce to be freighted, but because of the increase in the general carrying trade. The voluntary raising of the wages of more than a million laborers in mill, factory and mine, within a few months, has seldom if ever before been witnessed even in times of acknowledged and uninterrupted prosperity. This advance to the laborers has directly and indirectly benefited so many others who are engaged in trade, individually small but aggregating many millions of capital, that it is impossible to say just who of all our people has not gained from the improved condition of the laboring classes. The gov-

ernment has shared in the advantage, though in a less degree than the individual. Its receipts are now steadily increasing, each month of the present year showing larger returns from customs duties than the corresponding month of the preceding year. If its income is not yet sufficient to meet its expenditures, there is every indication that under the operation of the present tariff law that end will be speedily reached. There certainly will be no gradual falling off in this respect, such as characterized the workings of the last law.

This improvement in the people's affairs is remarkable when it is considered in connection with the shortness of the time in which it has been brought about and the events through which the country has been called to pass. The effects of the panic of 1873 were felt with little lessening of severity until 1879, and even then there was no such revival as is now apparent. Two years after the panic of 1893 was at its height, the country may fairly be said to be out of the throes of it, and well entered upon an era of greater wealth and of extraordinary commercial and industrial activity. So great an advance is all the more wonderful in view of the circumstances which, to a greater or less degree, have contributed to the disturbance of our business world. Within a period of six years more business legislation of importance has taken place than during any equal length of time since the active war period. During this time the McKinley Tariff Act became a law, making the most material changes in tariff rates, the effect of which could not but be to disturb business, since these changes altered conditions as completely as if the rates had been intended to be revenue-producing instead of prohibitory ones. The same Congress placed upon the statue books the Sherman Silver Act, the influence and dangerous tendencies of which in the monetary world worked even greater harm and loss and caused greater doubt and uncertainty than the tariff act. These acts were followed by a Congressional election, giving indications of a coming Presidential election which would reverse the tariff and financial legislation which had been enacted by the Republican Congress and sanctioned by a Republican President. The injurious consequences of the two legislative acts referred to had been felt long before the Presidential election which resulted in the selection of a Democratic President and Congress, and they speedily precipitated a struggle to repeal the financial legislation

of the Congress of 1888 ; also to repeal its tariff legislation and enact something in its stead. The uncertainty surrounding the outcome of the attempt to repeal the Sherman Silver Act and the delay in accomplishing it affected the entire business of the country. The beneficial effects which would have followed the speedy erasure of the obnoxious measure from the statute book were thus lost. There was not sufficient time for either the commerce or the industries of the country to revive when Congress entered upon a consideration of the repeal of the McKinley Tariff Act. Here, too, was delay and uncertainty. Such a condition in the enactment of legislation could not but cause a paralysis of business widespread and far-reaching. The disastrous effects of the Sherman law, the contributing elements of the McKinley Act, and the consequences of delay in the action of Congress in their repeal of both, so turned the business world upside down that strikes became the order of the day, and disturbances in the ranks of labor, of proportions till then unknown, followed in quick succession. The movement of Coxey and his body of tramps, the riots attendant upon the railroad strikes under the leadership of Debs, and the long dispute between coal-mine owners and miners in the various parts of the country but added to the conditions, already serious, which affected our business world. Fortunately the country has come out of all these experiences, each of which added something to the elements which injuriously affected the country's financial interests. In the light of them all the wonder is not that the country has lost so much, but that it has lost so little. It is the strongest tribute that can be paid to the American citizen to note that to-day, notwithstanding the disasters attendant upon these recent events, he is once more enjoying the fruits of a new prosperity full of hope in the future and more strongly than ever a believer in the strength of his government and the wisdom of those who established it.

It has been suggested by some who are inclined to take a pessimistic view of things that the advance made in so short a time is far too great to be sustained. The facts, however, as we have them through the Clearing House returns and other sources, warrant the assertion that the improvement in the business world is not of an ephemeral character, but, instead, is genuine and substantial. It certainly cannot prove to be otherwise if the fields of corn now maturing in the West yield the number of

bushels which all the indications point to. It is impossible to conceive of the country not being wholly prosperous when the laborer has employment at remunerative wages, and the farmer has an abundance of produce, with markets affording profitable prices. The only danger which can intervene, and thus produce a reaction, would arise through our people's entering extravagantly upon enterprises of a wholly speculative character. It is hardly probable, however, that such recklessness will be speedily shown. The results of such enterprises in the past few years have, in the great majority of instances, fallen so far short of the expectations of their projectors that those who have money to invest will be loath to invest in similar undertakings.

One of the serious causes of conditions similar to those through which we have just passed arises from the utter recklessness with which credit is extended to those who make it a business to promote this or that undertaking. The banks of the country are in a great measure to blame for having in the past few years made credit so cheap as to enable every character of speculation to be carried on. The outcome of all this has been that in many instances in many communities business booms of the most unsubstantial character have been fostered, to the great loss of all concerned. It is, of course, necessary to assume greater or less risk in order to increase the business of a community, but when the point is reached at which a bank or other financial institution bears the whole burden of sustaining every promotive undertaking in such community disaster must necessarily result. The number of communities in all sections of the country where inducements in the form of grants of land and bonuses in the form of money or other special privileges are extended to factories and other enterprises of a similar character will probably greatly lessen, because of the ill success which in so many instances has heretofore followed their so doing. When such is the case, it is safe to say that fewer town lot additions will be platted and made a part of every ambitious town solely for the purpose of enriching some shrewd real estate speculator. At the same time there will be greater care observed in seeing that such artificial means are not wholly relied upon for making such towns important centres of industry and population. The unhealthiness of the business of a community based wholly or in part upon speculation can best be appreciated when it is realized that its character partakes

largely of gambling, with all the consequent evils that come in its train. While it is probable that this character of business undertaking was not as great within the past five years as in some periods of our history, it has been sufficiently large to contribute in no small measure to bring about the loss entailed upon so many within the past two years. It certainly has bred very great extravagance in personal expenditures, and the same things characterizing legislation in Congress have led to great extravagance in public expenditures. The wisdom of the situation is to indulge in a conservatism that, while on the one hand not refusing credit to legitimate enterprises, will on the other not extend it to such as are based largely upon future expectation. All this, it is believed, will be done, even though for a considerable length of time money will lie idle in the vaults of the banks and the trust companies. The loss of interest and dividends thus caused in the end is always much less than the loss which follows the collapse of a boom.

Thus, taking into account the lessons learned through the experience which our people have just had, it is reasonable to believe that such wise conservatism will prevail in our business world as will justify the belief of those who maintain the solidity of the present business conditions. No one at all familiar with its affairs will doubt that the credit of the government will be strictly maintained. There ought no longer to be any doubt on this point. The steps taken since the advent of the present administration have fixed beyond question not only the determination but the ability on its part to meet promptly every proper obligation of the government in gold. Its efforts in this direction have been so fully justified by the results which have flowed from them that there is scarcely left one among the well informed who is willing to criticise the action which thus far has been taken. It is to be regretted that the general government bears such intimate relations to the individual business of its citizens, that the condition of its treasury should ever seriously affect their individual fortunes, but such must be the case on occasions more or less frequent, until there is assembled at Washington a Congress, which has sufficient wisdom, business sagacity, and courage to enact such legislation as will permanently retire the demand obligations of the government, through payment of them in gold, and thus put out of the reach of speculators and

others the means of throwing the country into a panic by making an assault upon the gold reserve in the treasury. It is one of the absurdities of our financial system that the government voluntarily places itself in the position of being a general market of supply for the gold demands of not only our own people but the people of other countries. The whole system as it stands to-day is a source of continuing loss to the people and a menace to their prosperity. It is only because of the strength and determination of the President in devising and in sanctioning methods to prevent evils that otherwise would come upon the citizen in his business relations that the country has been enabled, despite it all, to maintain a position where its financial condition commands complete confidence at home and abroad.

How much it means to possess the confidence of those who are dealing with us in our ability and purpose to maintain unimpeached our monetary integrity is apparent from the change which has come over foreign investors in American governments and other securities since the consummation of the syndicate gold loan. Statistics are not at hand to show just what the amount of purchases by foreign buyers of our securities since that date have been, but the sales of railroad and other stocks have been especially large and at advanced prices. Not less benefit has resulted also from a ceasing to return to us stocks and securities already held. The importance of all this cannot be over-estimated. It is quite as essential to command the confidence of foreign investors as it is to hold that of our own people. This confidence, which leads them to send here money for investment, can be held just so long as there is here maintained a monetary system which accords with that of every other great commercial nation. It will fall away and finally be lost if ever a law is placed upon our statute book making our standard of value, independent of all other countries, either a single silver standard or a standard of both silver and gold.

JAMES H. ECKELS.